

AUDIT COMMITTEE

MINUTES: of a meeting of the Audit Committee which commenced at 11.34 a.m. in the Committee Room, Centreway Road, Orewa on Wednesday, 19 August 2009.

PRESENT: Stuart Bauld (Chairperson)
Alan Curtis
Cr John Kirikiri (Deputy Mayor)
Roy Tiffin

IN ATTENDANCE: Director: Finance and Business (Kevin Ramsay)
Group Manager: Financial Services (Warren Stevens)
Manager: Finance (Morna Macfarlane)
Democracy Services Officer (Raewyn Morrison)

Also present at the meeting, Karen Mackenzie (Audit Director) until 1.12 p.m., and Catherine Trussler (Audit Manager) from Audit New Zealand.

11.34 a.m. Chief Legal Officer (Rob Goldsbury) and Democracy Services Manager (Ellen Barrett) in attendance.

530/08/09 APOLOGIES

AGENDA ITEM NO. 1

There were no apologies.

531/08/09 REQUEST FOR REVIEW OF WHANGAPARAOA HALL TRANSACTIONS

FILE REF CF/1/1

AGENDA ITEM NO. 2

Tiffin/Curtis

That no further action be undertaken on the review of the Whangaparaoa Hall, as no matter was revealed during the review that was within the delegated authority of the Audit Committee.

Carried

11.36 a.m. Rob Goldsbury retired from the meeting.

19 August 2009

532/08/09 **CORPORATE RISK UPDATE**
FILE REF CF/1/1
AGENDA ITEM NO. 3

It was noted that the report on Corporate Risk Assessment was largely unchanged from the last report.

Issues highlighted during the discussion were leaky buildings and landfills. Director: Corporate Services (Kevin Ramsay) advised that in regard to leaky buildings the Consenting Manager was attempting to quantify as much as he could and trying to find out if any other claims had been lodged. From 30 June 2009 the Council would be fully covering its own liabilities. The Audit Committee identified that they would like to see a report at some stage in the future on this issue.

In relation to landfills, the Committee was advised that the current risk level did not warrant inclusion in the report and that mitigation measures were in place, but should the level of risk currently perceived increase, the matter would be included in the Risk Update.

The Audit Committee requested that in future the Risk Ranking Report include columns showing treatment and accountabilities. Director: Corporate Services (Kevin Ramsay) said that the Risk Ranking Report went to the Executive Team on an at least quarterly basis and that treatments were happening in some areas although necessarily being recorded in this framework.

Curtis/Kirikiri

That the report be received and enhancements discussed in relation to the format of the report actioned for future meetings.

Carried

533/08/09 **EXTERNAL AUDIT ARRANGEMENTS**
FILE REF CF/1/1
AGENDA ITEM NO. 4

The Chairperson (Stuart Bauld) formally welcomed Karen Mackenzie and Catherine Trussler to the meeting.

Ms Mackenzie addressed the material in the agenda. She tabled relevant Audit New Zealand pamphlets and a Client Substantiation File. She said that the Letter of Undertaking: Audit of Rodney District Council was for a period of three years. There were set hours and fees for the first year only because of the situation regarding Auckland Governance. They were not expecting there to be any substantial changes to hours and fees from the 2008 audit. Ms Mackenzie said that Audit New Zealand was trying to get the wording for a draft letter of representation to the Council in a timely manner. In regard to Rodney Properties Ltd and the Northern Animal Shelter she recommended that these be consolidated and presented as only parent and group accounts, with no need for separate columns due to materiality.

With regard to the Long Term Council Community Plan, Ms Mackenzie said that the draft management report should be available next week. It was agreed that after Council management had seen the draft management report it would be emailed to committee members so they would have the information well before the next scheduled meeting.

19 August 2009

The Audit Committee requested that the Chief Executive, the Mayor, the Deputy Mayor and the Audit Chairperson be part of the process and that a meeting should be factored in to their calendars – suggested date Thursday, 22 October 2009.

Bauld/Tiffin

That the report be received.

Carried

12.30 p.m. Ellen Barrett retired from the meeting.

534/08/09	FINAL REPORT FROM AUDIT NZ ON FINDINGS OF AUDIT FOR 2007/2008
FILE REF	CF/1/1
AGENDA ITEM NO.	5

Karen Mackenzie highlighted aspects of the Management Report and addressed questions raised by the Audit Committee.

It was agreed that Penlink was high priority and that Council management and Audit New Zealand needed to agree on its accounting status and presentation.

With regard to landfill obligations, Manager: Finance (Morna Macfarlane) advised that there were 17 closed landfills, all of which has been closed for some time. She said that regular monitoring of these landfills was done by the Auckland Regional Council. It was noted that Rodney District Council budgeted for its landfill obligations as part of its annual budget, whereas other councils treated landfills as fully provided liabilities. Again, Council management and Audit New Zealand are to work together to agree on its accounting status presentation.

It was noted that work was progressing on a formalised fraud policy and there had been a change in the process in regard to severance/redundancy payments. Work was also progressing on issues reported after the 2006/07 audit.

Bauld/Curtis

That Audit New Zealand's final report on the Audit for the 2007/2008 Annual Report be received.

Carried

1.12 p.m. Karen Mackenzie retired from the meeting.

1.12 p.m. - 1.43 p.m. Luncheon adjournment.

19 August 2009

535/08/09 DRAFT REPORT FROM AUDIT NZ ON FINDINGS OF INTERIM AUDIT FOR 2008/2009**FILE REF** CF/1/1**AGENDA ITEM NO.** 6

Catherine Trussler advised that the draft report had been issued to management, but that responses were yet to be received. She advised that the timeframe for completion was by 28 August 2009.

The Audit Committee requested that in future every agenda include an item on conflict of interest. It was also requested that each committee member complete a disclosure statement.

Kirikiri/Curtis

That Audit New Zealand's draft report on the interim Audit for the 2008/2009 Annual Report be received.

Carried**536/08/09 ANNUAL REPORT COMPLETION FOR 2008/2009****FILE REF** CF/1/1**AGENDA ITEM NO.** 7

Catherine Trussler advised that Audit New Zealand was comfortable with the time scale for the Annual Report completion and that she expected there would be plenty of communication between Audit New Zealand and Council management.

Bauld/Tiffin

That the timetable for the completion of the Annual Report be received.

Carried**537/08/09 UPDATE ON AUCKLAND REGIONAL GOVERNANCE****FILE REF** CF/1/1**AGENDA ITEM NO.** 8

Director: Corporate Services (Kevin Ramsay) gave an update on Auckland Regional Governance. He advised that the work streams were at different stages with the Treasury work stream being well advanced. He said that the Auckland Transition Agency (ATA) was working to tight timeframes and that some work stream leaders had been appointed. The Council had formulated templates to signal those matters which needed to be considered by ATA. Mr Ramsay advised that five submissions had so far gone to ATA from Rodney District Council.

The Audit Committee requested that Emerging Risks appear as a standard item on the agenda.

Tiffin/Curtis

That the update on Auckland Regional Governance be received.

Carried

19 August 2009

The meeting closed at 2.18 p.m.

CONFIRMED AS A TRUE AND CORRECT RECORD THIS 24TH DAY OF SEPTEMBER 2009

MAYOR

* * * * *

DATE
